

EFFECTIVE DATE OF 1977 AMENDMENT

Section 1301 of Pub. L. 95-113 provided that the amendment made by that section is effective Oct. 1, 1977.

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 2015, 2016 of this title; title 18 section 1956; title 26 section 6109; title 42 section 405.

§ 2025. Administrative cost-sharing and quality control

(a) Administrative costs

Subject to subsection (k) of this section, the Secretary is authorized to pay to each State agency an amount equal to 50 per centum of all administrative costs involved in each State agency's operation of the food stamp program, which costs shall include, but not be limited to, the cost of (1) the certification of applicant households, (2) the acceptance, storage, protection, control, and accounting of coupons after their delivery to receiving points within the State, (3) the issuance of coupons to all eligible households, (4) food stamp informational activities, including those undertaken under section 2020(e)(1)(A) of this title, but not including recruitment activities, (5) fair hearings, (6) automated data processing and information retrieval systems subject to the conditions set forth in subsection (g) of this section, (7) food stamp program investigations and prosecutions, and (8) implementing and operating the immigration status verification system established under section 1137(d) of the Social Security Act (42 U.S.C. 1320b-7(d)): *Provided*, That the Secretary is authorized at the Secretary's discretion to pay any State agency administering the food stamp program on all or part of an Indian reservation under section 2020(d) of this title or in a Native village within the State of Alaska identified in section 1610(b) of title 43,¹ such amounts for administrative costs as the Secretary determines to be necessary for effective operation of the food stamp program, as well as to permit each State to retain 35 percent of the value of all funds or allotments recovered or collected pursuant to sections 2015(b) and 2022(c) of this title and 20 percent of the value of any other funds or allotments recovered or collected, except the value of funds or allotments recovered or collected that arise from an error of a State agency. The officials responsible for making determinations of ineligibility under this chapter shall not receive or benefit from revenues retained by the State under the provisions of this subsection.

(b) Work supplementation or support program

(1) "Work supplementation or support program" defined

In this subsection, the term "work supplementation or support program" means a program under which, as determined by the Secretary, public assistance (including any benefits provided under a program established by the State and the food stamp program) is provided to an employer to be used for hiring and employing a public assistance recipient who

was not employed by the employer at the time the public assistance recipient entered the program.

(2) Program

A State agency may elect to use an amount equal to the allotment that would otherwise be issued to a household under the food stamp program, but for the operation of this subsection, for the purpose of subsidizing or supporting a job under a work supplementation or support program established by the State.

(3) Procedure

If a State agency makes an election under paragraph (2) and identifies each household that participates in the food stamp program that contains an individual who is participating in the work supplementation or support program—

(A) the Secretary shall pay to the State agency an amount equal to the value of the allotment that the household would be eligible to receive but for the operation of this subsection;

(B) the State agency shall expend the amount received under subparagraph (A) in accordance with the work supplementation or support program in lieu of providing the allotment that the household would receive but for the operation of this subsection;

(C) for purposes of—

(i) sections 2014 and 2017(a) of this title, the amount received under this subsection shall be excluded from household income and resources; and

(ii) section 2017(b) of this title, the amount received under this subsection shall be considered to be the value of an allotment provided to the household; and

(D) the household shall not receive an allotment from the State agency for the period during which the member continues to participate in the work supplementation or support program.

(4) Other work requirements

No individual shall be excused, by reason of the fact that a State has a work supplementation or support program, from any work requirement under section 2015(d) of this title, except during the periods in which the individual is employed under the work supplementation or support program.

(5) Length of participation

A State agency shall provide a description of how the public assistance recipients in the program shall, within a specific period of time, be moved from supplemented or supported employment to employment that is not supplemented or supported.

(6) Displacement

A work supplementation or support program shall not displace the employment of individuals who are not supplemented or supported.

(c) Quality control system

(1) In general

(A) System

In carrying out the food stamp program, the Secretary shall carry out a system that

¹ So in original. The period probably should not appear.

enhances payment accuracy and improves administration by establishing fiscal incentives that require State agencies with high payment error rates to share in the cost of payment error.

(B) Adjustment of Federal share of administrative costs for fiscal years before fiscal year 2003

(i) In general

Subject to clause (ii), with respect to any fiscal year before fiscal year 2003, the Secretary shall adjust a State agency's federally funded share of administrative costs under subsection (a) of this section, other than the costs already shared in excess of 50 percent under the proviso in the first sentence of subsection (a) of this section or under subsection (g) of this section, by increasing that share of all such administrative costs by 1 percentage point to a maximum of 60 percent of all such administrative costs for each full $\frac{1}{10}$ of a percentage point by which the payment error rate is less than 6 percent.

(ii) Limitation

Only States with a rate of invalid decisions in denying eligibility that is less than a nationwide percentage that the Secretary determines to be reasonable shall be entitled to the adjustment under clause (i).

(C) Establishment of liability amount for fiscal year 2003 and thereafter

With respect to fiscal year 2004 and any fiscal year thereafter for which the Secretary determines that, for the second or subsequent consecutive fiscal year, a 95 percent statistical probability exists that the payment error rate of a State agency exceeds 105 percent of the national performance measure for payment error rates announced under paragraph (6), the Secretary shall establish an amount for which the State agency may be liable (referred to in this paragraph as the "liability amount") that is equal to the product obtained by multiplying—

(i) the value of all allotments issued by the State agency in the fiscal year;

(ii) the difference between—

(I) the payment error rate of the State agency; and

(II) 6 percent; and

(iii) 10 percent.

(D) Authority of Secretary with respect to liability amount

With respect to the liability amount established for a State agency under subparagraph (C) for any fiscal year, the Secretary shall—

(i)(I) waive the responsibility of the State agency to pay all or any portion of the liability amount established for the fiscal year (referred to in this paragraph as the "waiver amount");

(II) require that a portion, not to exceed 50 percent, of the liability amount established for the fiscal year be used by the

State agency for new investment, approved by the Secretary, to improve administration by the State agency of the food stamp program (referred to in this paragraph as the "new investment amount"), which new investment amount shall not be matched by Federal funds;

(III) designate a portion, not to exceed 50 percent, of the amount established for the fiscal year for payment to the Secretary in accordance with subparagraph (E) (referred to in this paragraph as the "at-risk amount"); or

(IV) take any combination of the actions described in subclauses (I) through (III); or

(ii) make the determinations described in clause (i) and enter into a settlement with the State agency, only with respect to any waiver amount or new investment amount, before the end of the fiscal year in which the liability amount is determined under subparagraph (C).

(E) Payment of at-risk amount for certain States

(i) In general

A State agency shall pay to the Secretary the at-risk amount designated under subparagraph (D)(i)(III) for any fiscal year in accordance with clause (ii), if, with respect to the immediately following fiscal year, a liability amount has been established for the State agency under subparagraph (C).

(ii) Method of payment of at-risk amount

(I) Remission to the Secretary

In the case of a State agency required to pay an at-risk amount under clause (i), as soon as practicable after completion of all administrative and judicial reviews with respect to that requirement to pay, the chief executive officer of the State shall remit to the Secretary the at-risk amount required to be paid.

(II) Alternative method of collection

(aa) In general

If the chief executive officer of the State fails to make the payment under subclause (I) within a reasonable period of time determined by the Secretary, the Secretary may reduce any amount due to the State agency under any other provision of this section by the amount required to be paid under clause (i).

(bb) Accrual of interest

During any period of time determined by the Secretary under item (aa), interest on the payment under subclause (I) shall not accrue under section 2022(a)(2) of this title.

(F) Use of portion of liability amount for new investment

(i) Reduction of other amounts due to State agency

In the case of a State agency that fails to comply with a requirement for new in-

vestment under subparagraph (D)(i)(II) or clause (iii)(I), the Secretary may reduce any amount due to the State agency under any other provision of this section by the portion of the liability amount that has not been used in accordance with that requirement.

(ii) Effect of State agency's wholly prevailing on appeal

If a State agency begins required new investment under subparagraph (D)(i)(II), the State agency appeals the liability amount of the State agency, and the determination by the Secretary of the liability amount is reduced to \$0 on administrative or judicial review, the Secretary shall pay to the State agency an amount equal to 50 percent of the new investment amount that was included in the liability amount subject to the appeal.

(iii) Effect of Secretary's wholly prevailing on appeal

If a State agency does not begin required new investment under subparagraph (D)(i)(II), the State agency appeals the liability amount of the State agency, and the determination by the Secretary of the liability amount is wholly upheld on administrative or judicial review, the Secretary shall—

(I) require all or any portion of the new investment amount to be used by the State agency for new investment, approved by the Secretary, to improve administration by the State agency of the food stamp program, which amount shall not be matched by Federal funds; and

(II) require payment of any remaining portion of the new investment amount in accordance with subparagraph (E)(ii).

(iv) Effect of neither party's wholly prevailing on appeal

The Secretary shall promulgate regulations regarding obligations of the Secretary and the State agency in a case in which the State agency appeals the liability amount of the State agency and neither the Secretary nor the State agency wholly prevails.

(G) Corrective action plans

The Secretary shall foster management improvements by the States by requiring State agencies, other than State agencies with payment error rates of less than 6 percent, to develop and implement corrective action plans to reduce payment errors.

(2) Error rate definitions

As used in this section—

(A) the term “payment error rate” means the sum of the point estimates of an overpayment error rate and an underpayment error rate determined by the Secretary from data collected in a probability sample of participating households;

(B) the term “overpayment error rate” means the percentage of the value of all allotments issued in a fiscal year by a State agency that are either—

- (i) issued to households that fail to meet basic program eligibility requirements; or
- (ii) overissued to eligible households; and

(C) the term “underpayment error rate” means the ratio of the value of allotments underissued to recipient households to the total value of allotments issued in a fiscal year by a State agency.

(3) Exclusions

The following errors may be measured for management purposes but shall not be included in the payment error rate:

(A) Any errors resulting in the application of new regulations promulgated under this chapter during the first 120 days from the required implementation date for such regulations.

(B) Errors resulting from the use by a State agency of correctly processed information concerning households or individuals received from Federal agencies or from actions based on policy information approved or disseminated, in writing, by the Secretary or the Secretary's designee.

(4) Reporting requirements

The Secretary may require a State agency to report any factors that the Secretary considers necessary to determine a State agency's payment error rate, liability amount or new investment amount under paragraph (1), or performance under the performance measures under subsection (d) of this section. If a State agency fails to meet the reporting requirements established by the Secretary, the Secretary shall base the determination on all pertinent information available to the Secretary.

(5) Procedures

To facilitate the implementation of this subsection, each State agency shall expeditiously submit to the Secretary data concerning the operations of the State agency in each fiscal year sufficient for the Secretary to establish the State agency's payment error rate, liability amount or new investment amount under paragraph (1), or performance under the performance measures under subsection (d) of this section. The Secretary shall initiate efforts to collect the amount owed by the State agency as a claim established under paragraph (1) for a fiscal year, subject to the conclusion of any formal or informal appeal procedure and administrative or judicial review under section 2023 of this title (as provided for in paragraph (7)), before the end of the fiscal year following such fiscal year.

(6) National performance measure for payment error rates

(A) Announcement

At the time the Secretary makes the notification to State agencies of their error rates, the Secretary shall also announce a national performance measure that shall be the sum of the products of each State agency's error rate as developed for the notifications under paragraph (8) times that State agency's proportion of the total value of national allotments issued for the fiscal year using the most recent issuance data avail-

able at the time of the notifications issued pursuant to paragraph (8).

(B) Use of alternative measure of State error

Where a State fails to meet reporting requirements pursuant to paragraph (4), the Secretary may use another measure of a State's error developed pursuant to paragraph (5), to develop the national performance measure.

(C) Use of national performance measure

The announced national performance measure shall be used in determining the liability amount of a State under paragraph (1)(C) for the fiscal year whose error rates are being announced under paragraph (8).

(D) No administrative or judicial review

The national performance measure announced under this paragraph shall not be subject to administrative or judicial review.

(7) Administrative and judicial review

(A) In general

Except as provided in subparagraphs (B) and (C), if the Secretary asserts a financial claim against or establishes a liability amount with respect to a State agency under paragraph (1), the State may seek administrative and judicial review of the action pursuant to section 2023 of this title.

(B) Determination of payment error rate

With respect to any fiscal year, a determination of the payment error rate of a State agency or a determination whether the payment error rate exceeds 105 percent of the national performance measure for payment error rates shall be subject to administrative or judicial review only if the Secretary establishes a liability amount with respect to the fiscal year under paragraph (1)(C).

(C) Authority of Secretary with respect to liability amount

An action by the Secretary under subparagraph (D) or (F)(iii) of paragraph (1) shall not be subject to administrative or judicial review.

(8) Criteria for payment by a State agency

(A) This paragraph applies to the determination of whether a payment is due by a State agency for a fiscal year under paragraph (1).

(B) Not later than the first May 31 after the end of the fiscal year referred to in subparagraph (A), the case review and all arbitrations of State-Federal difference cases shall be completed.

(C) Not later than the first June 30 after the end of the fiscal year referred to in subparagraph (A), the Secretary shall—

- (i) determine final error rates, the national average payment error rate, and the amounts of payment claimed against State agencies or liability amount established with respect to State agencies;
- (ii) notify State agencies of the payment claims or liability amounts; and
- (iii) provide a copy of the document providing notification under clause (ii) to the

chief executive officer and the legislature of the State.

(D) A State agency desiring to appeal a payment claim or liability amount determined under subparagraph (C) shall submit to an administrative law judge—

- (i) a notice of appeal, not later than 10 days after receiving a notice of the claim or liability amount; and
- (ii) evidence in support of the appeal of the State agency, not later than 60 days after receiving a notice of the claim or liability amount.

(E) Not later than 60 days after a State agency submits evidence in support of the appeal, the Secretary shall submit responsive evidence to the administrative law judge to the extent such evidence exists.

(F) Not later than 30 days after the Secretary submits responsive evidence, the State agency shall submit rebuttal evidence to the administrative law judge to the extent such evidence exists.

(G) The administrative law judge, after an evidentiary hearing, shall decide the appeal—

- (i) not later than 60 days after receipt of rebuttal evidence submitted by the State agency; or
- (ii) if the State agency does not submit rebuttal evidence, not later than 90 days after the State agency submits the notice of appeal and evidence in support of the appeal.

(H) In considering a claim or liability amount under this paragraph, the administrative law judge shall consider all grounds for denying the claim or liability amount, in whole or in part, including the contention of a State agency that the claim or liability amount should be waived, in whole or in part, for good cause.

(I) The deadlines in subparagraphs (D), (E), (F), and (G) shall be extended by the administrative law judge for cause shown.

(9) “Good cause” defined

As used in this subsection, the term “good cause” includes—

- (A) a natural disaster or civil disorder that adversely affects food stamp program operations;
- (B) a strike by employees of a State agency who are necessary for the determination of eligibility and processing of case changes under the food stamp program;
- (C) a significant growth in food stamp caseload in a State prior to or during a fiscal year, such as a 15 percent growth in caseload;
- (D) a change in the food stamp program or other Federal or State program that has a substantial adverse impact on the management of the food stamp program of a State; and
- (E) a significant circumstance beyond the control of the State agency.

(d) Bonuses for States that demonstrate high or most improved performance

(1) Fiscal years 2003 and 2004

(A) Guidance

With respect to fiscal years 2003 and 2004, the Secretary shall establish, in guidance is-

sued to State agencies not later than October 1, 2002—

(i) performance criteria relating to—

(I) actions taken to correct errors, reduce rates of error, and improve eligibility determinations; and

(II) other indicators of effective administration determined by the Secretary; and

(ii) standards for high and most improved performance to be used in awarding performance bonus payments under subparagraph (B)(ii).

(B) Performance bonus payments

With respect to each of fiscal years 2003 and 2004, the Secretary shall—

(i) measure the performance of each State agency with respect to the criteria established under subparagraph (A)(i); and

(ii) subject to paragraph (3), award performance bonus payments in the following fiscal year, in a total amount of \$48,000,000 for each fiscal year, to State agencies that meet standards for high or most improved performance established by the Secretary under subparagraph (A)(ii).

(2) Fiscal years 2005 and thereafter

(A) Regulations

With respect to fiscal year 2005 and each fiscal year thereafter, the Secretary shall—

(i) establish, by regulation, performance criteria relating to—

(I) actions taken to correct errors, reduce rates of error, and improve eligibility determinations; and

(II) other indicators of effective administration determined by the Secretary;

(ii) establish, by regulation, standards for high and most improved performance to be used in awarding performance bonus payments under subparagraph (B)(ii); and

(iii) before issuing proposed regulations to carry out clauses (i) and (ii), solicit ideas for performance criteria and standards for high and most improved performance from State agencies and organizations that represent State interests.

(B) Performance bonus payments

With respect to fiscal year 2005 and each fiscal year thereafter, the Secretary shall—

(i) measure the performance of each State agency with respect to the criteria established under subparagraph (A)(i); and

(ii) subject to paragraph (3), award performance bonus payments in the following fiscal year, in a total amount of \$48,000,000 for each fiscal year, to State agencies that meet standards for high or most improved performance established by the Secretary under subparagraph (A)(ii).

(3) Prohibition on receipt of performance bonus payments

A State agency shall not be eligible for a performance bonus payment with respect to any fiscal year for which the State agency has a liability amount established under subsection (c)(1)(C) of this section.

(4) Payments not subject to judicial review

A determination by the Secretary whether, and in what amount, to award a performance bonus payment under this subsection shall not be subject to administrative or judicial review.

(e) Use of social security account numbers; access to information

The Secretary and State agencies shall (1) require, as a condition of eligibility for participation in the food stamp program, that each household member furnish to the State agency their social security account number (or numbers, if they have more than one number), and (2) use such account numbers in the administration of the food stamp program. The Secretary and State agencies shall have access to the information regarding individual food stamp program applicants and participants who receive benefits under title XVI of the Social Security Act [42 U.S.C. 1381 et seq.] that has been provided to the Commissioner of Social Security, but only to the extent that the Secretary and the Commissioner of Social Security determine necessary for purposes of determining or auditing a household's eligibility to receive assistance or the amount thereof under the food stamp program, or verifying information related thereto.

(f) Payment of certain legal fees

Notwithstanding any other provision of law, counsel may be employed and counsel fees, court costs, bail, and other expenses incidental to the defense of officers and employees of the Department of Agriculture may be paid in judicial or administrative proceedings to which such officers and employees have been made parties and that arise directly out of their performance of duties under this chapter.

(g) Cost sharing for computerization

The Secretary is authorized to pay to each State agency the amount provided under subsection (a)(6) of this section for the costs incurred by the State agency in the planning, design, development, or installation of automatic data processing and information retrieval systems that the Secretary determines (1) will assist in meeting the requirements of this chapter, (2) meet such conditions as the Secretary prescribes, (3) are likely to provide more efficient and effective administration of the food stamp program, and (4) will be compatible with other such systems used in the administration of State programs funded under part A of title IV of the Social Security Act [42 U.S.C. 601 et seq.]: *Provided*, That there shall be no such payments to the extent that a State agency is reimbursed for such costs under any other Federal program or uses such systems for purposes not connected with the food stamp program: *Provided further*, That any costs matched under this subsection shall be excluded in determining the State agency's administrative costs under any other subsection of this section.

(h) Funding of employment and training programs

(1) IN GENERAL.—

(A) AMOUNTS.—To carry out employment and training programs, the Secretary shall re-

serve for allocation to State agencies, to remain available until expended, from funds made available for each fiscal year under section 2027(a)(1) of this title the amount of—

- (i) for fiscal year 1996, \$75,000,000;
- (ii) for fiscal year 1997, \$79,000,000;
- (iii) for fiscal year 1998—
 - (I) \$81,000,000; and
 - (II) an additional amount of \$131,000,000;

- (iv) for fiscal year 1999—
 - (I) \$84,000,000; and
 - (II) an additional amount of \$31,000,000;

- (v) for fiscal year 2000—
 - (I) \$86,000,000; and
 - (II) an additional amount of \$86,000,000;

- (vi) for fiscal year 2001—
 - (I) \$88,000,000; and
 - (II) an additional amount of \$131,000,000;
 and

- (vii) for each of fiscal years 2002 through 2007, \$90,000,000.

(B) **ALLOCATION.**—Funds made available under subparagraph (A) shall be made available to and reallocated among State agencies under a reasonable formula that—

- (i) is determined and adjusted by the Secretary; and
- (ii) takes into account the number of individuals who are not exempt from the work requirement under section 2015(o) of this title.

(C) **REALLOCATION.**—If a State agency will not expend all of the funds allocated to the State agency for a fiscal year under subparagraph (B), the Secretary shall reallocate the unexpended funds to other States (during the fiscal year or the subsequent fiscal year) as the Secretary considers appropriate and equitable.

(D) **MINIMUM ALLOCATION.**—Notwithstanding subparagraph (B), the Secretary shall ensure that each State agency operating an employment and training program shall receive not less than \$50,000 for each fiscal year.

(E) **ADDITIONAL ALLOCATIONS FOR STATES THAT ENSURE AVAILABILITY OF WORK OPPORTUNITIES.**—

- (i) **IN GENERAL.**—In addition to the allocations under subparagraph (A), from funds made available under section 2027(a)(1) of this title, the Secretary shall allocate not more than \$20,000,000 for each of fiscal years 2002 through 2007 to reimburse a State agency that is eligible under clause (ii) for the costs incurred in serving food stamp recipients who—

- (I) are not eligible for an exception under section 2015(o)(3) of this title; and

- (II) are placed in and comply with a program described in subparagraph (B) or (C) of section 2015(o)(2) of this title.

- (ii) **ELIGIBILITY.**—To be eligible for an additional allocation under clause (i), a State agency shall make and comply with a commitment to offer a position in a program described in subparagraph (B) or (C) of section 2015(o)(2) of this title to each applicant or recipient who—

- (I) is in the last month of the 3-month period described in section 2015(o)(2) of this title;

- (II) is not eligible for an exception under section 2015(o)(3) of this title;

- (III) is not eligible for a waiver under section 2015(o)(4) of this title; and

- (IV) is not exempt under section 2015(o)(6) of this title.

(2) If, in carrying out such program during such fiscal year, a State agency incurs costs that exceed the amount allocated to the State agency under paragraph (1), the Secretary shall pay such State agency an amount equal to 50 per centum of such additional costs, subject to the first limitation in paragraph (3), including the costs for case management and casework to facilitate the transition from economic dependency to self-sufficiency through work.

(3) The Secretary shall also reimburse each State agency in an amount equal to 50 per centum of the total amount of payments made or costs incurred by the State agency in connection with transportation costs and other expenses reasonably necessary and directly related to participation in an employment and training program under section 2015(d)(4) of this title, except that the amount of the reimbursement for dependent care expenses shall not exceed an amount equal to the payment made under section 2015(d)(4)(I)(i)(II) of this title but not more than the applicable local market rate, and such reimbursement shall not be made out of funds allocated under paragraph (1).

(4) Funds provided to a State agency under this subsection may be used only for operating an employment and training program under section 2015(d)(4) of this title, and may not be used for carrying out other provisions of this chapter.

(5) The Secretary shall monitor the employment and training programs carried out by State agencies under section 2015(d)(4) of this title to measure their effectiveness in terms of the increase in the numbers of household members who obtain employment and the numbers of such members who retain such employment as a result of their participation in such employment and training programs.

(i) Geographical error-prone profiles

(1) The Department of Agriculture may use quality control information made available under this section to determine which project areas have payment error rates (as defined in subsection (d)(1) of this section) that impair the integrity of the food stamp program.

(2) The Secretary may require a State agency to carry out new or modified procedures for the certification of households in areas identified under paragraph (1) if the Secretary determines such procedures would improve the integrity of the food stamp program and be cost effective.

(j) Training materials regarding certification of farming households

Not later than 180 days after September 19, 1988, and annually thereafter, the Secretary shall publish instructional materials specifically designed to be used by the State agency to provide intensive training to State agency personnel who undertake the certification of house-

holds that include a member who engages in farming.

(k) Reductions in payments for administrative costs

(1) Definitions

In this subsection:

(A) AFDC program

The term “AFDC program” means the program of aid to families with dependent children established under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq. (as in effect, with respect to a State, during the base period for that State)).

(B) Base period

The term “base period” means the period used to determine the amount of the State family assistance grant for a State under section 403 of the Social Security Act (42 U.S.C. 603).

(C) Medicaid program

The term “medicaid program” means the program of medical assistance under a State plan or under a waiver of the plan under title XIX of the Social Security Act (42 U.S.C. 1396 et seq.).

(2) Determinations of amounts attributable to benefiting programs

Not later than 180 days after June 23, 1998, the Secretary of Health and Human Services, in consultation with the Secretary of Agriculture and the States, shall, with respect to the base period for each State, determine—

(A) the annualized amount the State received under section 403(a)(3) of the Social Security Act (42 U.S.C. 603(a)(3) (as in effect during the base period)) for administrative costs common to determining the eligibility of individuals, families, and households eligible or applying for the AFDC program and the food stamp program, the AFDC program and the medicaid program, and the AFDC program, the food stamp program, and the medicaid program that were allocated to the AFDC program; and

(B) the annualized amount the State would have received under section 403(a)(3) of the Social Security Act (42 U.S.C. 603(a)(3) (as so in effect)), section 1903(a)(7) of the Social Security Act (42 U.S.C. 1396b(a)(7) (as so in effect)), and subsection (a) of this section (as so in effect), for administrative costs common to determining the eligibility of individuals, families, and households eligible or applying for the AFDC program and the food stamp program, the AFDC program and the medicaid program, and the AFDC program, the food stamp program, and the medicaid program, if those costs had been allocated equally among such programs for which the individual, family, or household was eligible or applied for.

(3) Reduction in payment

(A) In general

Notwithstanding any other provision of this section, effective for each of fiscal years 1999 through 2007, the Secretary shall reduce,

for each fiscal year, the amount paid under subsection (a) of this section to each State by an amount equal to the amount determined for the food stamp program under paragraph (2)(B). The Secretary shall, to the extent practicable, make the reductions required by this paragraph on a quarterly basis.

(B) Application

If the Secretary of Health and Human Services does not make the determinations required by paragraph (2) by September 30, 1999—

(i) during the fiscal year in which the determinations are made, the Secretary shall reduce the amount paid under subsection (a) of this section to each State by an amount equal to the sum of the amounts determined for the food stamp program under paragraph (2)(B) for fiscal year 1999 through the fiscal year during which the determinations are made; and

(ii) for each subsequent fiscal year through fiscal year 2007, subparagraph (A) applies.

(4) Appeal of determinations

(A) In general

Not later than 5 days after the date on which the Secretary of Health and Human Services makes any determination required by paragraph (2) with respect to a State, the Secretary shall notify the chief executive officer of the State of the determination.

(B) Review by administrative law judge

(i) In general

Not later than 60 days after the date on which a State receives notice under subparagraph (A) of a determination, the State may appeal the determination, in whole or in part, to an administrative law judge of the Department of Health and Human Services by filing an appeal with the administrative law judge.

(ii) Documentation

The administrative law judge shall consider an appeal filed by a State under clause (i) on the basis of such documentation as the State may submit and as the administrative law judge may require to support the final decision of the administrative law judge.

(iii) Review

In deciding whether to uphold a determination, in whole or in part, the administrative law judge shall conduct a thorough review of the issues and take into account all relevant evidence.

(iv) Deadline

Not later than 60 days after the date on which the record is closed, the administrative law judge shall—

(I) make a final decision with respect to an appeal filed under clause (i); and

(II) notify the chief executive officer of the State of the decision.

(C) Review by Departmental Appeals Board**(i) In general**

Not later than 30 days after the date on which a State receives notice under subparagraph (B) of a final decision, the State may appeal the decision, in whole or in part, to the Departmental Appeals Board established in the Department of Health and Human Services (referred to in this paragraph as the “Board”) by filing an appeal with the Board.

(ii) Review

The Board shall review the decision on the record.

(iii) Deadline

Not later than 60 days after the date on which the appeal is filed, the Board shall—

- (I) make a final decision with respect to an appeal filed under clause (i); and
- (II) notify the chief executive officer of the State of the decision.

(D) Judicial review

The determinations of the Secretary of Health and Human Services under paragraph (2), and a final decision of the administrative law judge or Board under subparagraphs (B) and (C), respectively, shall not be subject to judicial review.

(E) Reduced payments pending appeal

The pendency of an appeal under this paragraph shall not affect the requirement that the Secretary reduce payments in accordance with paragraph (3).

(5) Allocation of administrative costs**(A) In general**

No funds or expenditures described in subparagraph (B) may be used to pay for costs—

- (i) eligible for reimbursement under subsection (a) of this section (or costs that would have been eligible for reimbursement but for this subsection); and
- (ii) allocated for reimbursement to the food stamp program under a plan submitted by a State to the Secretary of Health and Human Services to allocate administrative costs for public assistance programs.

(B) Funds and expenditures

Subparagraph (A) applies to—

- (i) funds made available to carry out part A of title IV, or title XX, of the Social Security Act (42 U.S.C. 601 et seq., 1397 et seq.);
- (ii) expenditures made as qualified State expenditures (as defined in section 409(a)(7)(B) of that Act (42 U.S.C. 609(a)(7)(B)));
- (iii) any other Federal funds (except funds provided under subsection (a) of this section); and
- (iv) any other State funds that are—
 - (I) expended as a condition of receiving Federal funds; or
 - (II) used to match Federal funds under a Federal program other than the food stamp program.

(Pub. L. 88–525, §16, Aug. 31, 1964, 78 Stat. 709; Pub. L. 90–91 §§1, 2, Sept. 27, 1967, 81 Stat. 228; Pub. L. 90–552, Oct. 8, 1968, 82 Stat. 958; Pub. L. 91–116, Nov. 13, 1969, 83 Stat. 191; Pub. L. 91–671, §9, Jan. 11, 1971, 84 Stat. 2052; Pub. L. 93–86, §3(j), Aug. 10, 1973, 87 Stat. 248; Pub. L. 95–113, title XIII, §1301, Sept. 29, 1977, 91 Stat. 976; Pub. L. 96–58, §§4, 6, Aug. 14, 1979, 93 Stat. 391; Pub. L. 96–249, title I, §§121, 125, 126, 128, 129, May 26, 1980, 94 Stat. 363, 364, 367; Pub. L. 97–35, title I, §§111(b), 114, Aug. 13, 1981, 95 Stat. 362, 363; Pub. L. 97–98, title XIII, §§1325–1327, Dec. 22, 1981, 95 Stat. 1289; Pub. L. 97–253, title I, §§179, 180(a), 189(b)(3), (c), Sept. 8, 1982, 96 Stat. 782, 787; Pub. L. 99–198, title XV, §§1517(c), 1524, 1535(c)(1), 1537(a), 1539, Dec. 23, 1985, 99 Stat. 1577, 1580, 1585, 1588; Pub. L. 99–603, title I, §121(b)(5), Nov. 6, 1986, 100 Stat. 3391; Pub. L. 100–77, title VIII, §808(b), July 22, 1987, 101 Stat. 536; Pub. L. 100–435, title II, §204(b), title III, §321(b), (c), title IV, §404(e), (g), title VI, §604, Sept. 19, 1988, 102 Stat. 1657, 1662, 1668, 1675; Pub. L. 101–624, title XVII, §§1750, 1752(a), 1753, Nov. 28, 1990, 104 Stat. 3797, 3798; Pub. L. 102–237, title IX, §941(7), Dec. 13, 1991, 105 Stat. 1892; Pub. L. 103–66, title XIII, §§13922(c), 13951(c), 13961, Aug. 10, 1993, 107 Stat. 675, 678, 679; Pub. L. 103–296, title I, §108(f)(2), Aug. 15, 1994, 108 Stat. 1487; Pub. L. 104–66, title I, §1011(j), Dec. 21, 1995, 109 Stat. 710; Pub. L. 104–127, title IV, §401(b), Apr. 4, 1996, 110 Stat. 1026; Pub. L. 104–193, title I, §109(c), title VIII, §§817(b)–(d), 844(c), 847, 848(a), (b)(2), 849, Aug. 22, 1996, 110 Stat. 2169, 2319, 2320, 2333–2335; Pub. L. 105–33, title I, §1002(a), Aug. 5, 1997, 111 Stat. 252; Pub. L. 105–185, title V, §§501, 502(a), June 23, 1998, 112 Stat. 575; Pub. L. 106–78, title VII, §758, Oct. 22, 1999, 113 Stat. 1172; Pub. L. 107–171, title IV, §§4118(a), 4119(a), 4120(a), 4121(a), (d), 4122(a), May 13, 2002, 116 Stat. 316, 321, 323, 324.)

REFERENCES IN TEXT

The Social Security Act, referred to in subsecs. (e), (g), and (k), is act Aug. 14, 1935, ch. 531, 49 Stat. 620, as amended. Part A of title IV of the Act is classified generally to part A (§601 et seq.) of subchapter IV of chapter 7 of Title 42, The Public Health and Welfare. Titles XVI, XIX, and XX of the Act are classified generally to subchapters XVI (§1381 et seq.), XIX (§1396 et seq.), and XX (§1397 et seq.), respectively, of chapter 7 of Title 42. For complete classification of this Act to the Code, see section 1305 of Title 42 and Tables.

CODIFICATION

September 19, 1988, referred to in subsec. (d)(2), was in the original “the date of enactment of this section”, which was translated as meaning the date of enactment of Pub. L. 100–435, which enacted provisions of this section establishing the payment error improvement system, as the probable intent of Congress.

AMENDMENTS

Subsec. (c). Pub. L. 107–171, §4118(a)(1), inserted heading.

Subsec. (c)(1). Pub. L. 107–171, §4118(a)(1), added par. (1) and struck out former par. (1) which related to payment error improvement system.

Subsec. (c)(4). Pub. L. 107–171, §4118(a)(2), inserted heading and substituted “The Secretary may require a State agency to report any factors that the Secretary considers necessary to determine a State agency’s payment error rate, liability amount or new investment amount under paragraph (1), or performance under the performance measures under subsection (d) of this section.” for “The Secretary may require a State agency

to report any factors that the Secretary considers necessary to determine a State agency's payment error rate, enhanced administrative funding, or claim for payment error, under this subsection."

Subsec. (c)(5). Pub. L. 107-171, §4118(a)(3), inserted heading and substituted "To facilitate the implementation of this subsection, each State agency shall expeditiously submit to the Secretary data concerning the operations of the State agency in each fiscal year sufficient for the Secretary to establish the State agency's payment error rate, liability amount or new investment amount under paragraph (1), or performance under the performance measures under subsection (d) of this section." for "To facilitate the implementation of this subsection each State agency shall submit to the Secretary expeditiously data regarding its operations in each fiscal year sufficient for the Secretary to establish the payment error rate for the State agency for such fiscal year and determine the amount of either incentive payments under paragraph (1)(A) or claims under paragraph (1)(C). The Secretary shall make a determination for a fiscal year, and notify the State agency of such determination, within nine months following the end of each fiscal year." and "paragraph (1) for a fiscal year" for "paragraph (1)(C) for a fiscal year".

Subsec. (c)(6). Pub. L. 107-171, §4118(a)(4), inserted heading, designated first sentence as subpar. (A), inserted heading, struck out "and incentive payments or claims pursuant to paragraphs (1)(A) and (1)(C)" after "State agencies of their error rates", and substituted "paragraph (8)" for "paragraph (5)" in two places, designated second sentence as subpar. (B) and inserted heading, designated third sentence as subpar. (C), inserted heading, and substituted "the liability amount of a State under paragraph (1)(C)" for "the State share of the cost of payment error under paragraph (1)(C)" and "paragraph (8)" for "paragraph (5)", and added subpar. (D).

Subsec. (c)(7). Pub. L. 107-171, §4118(a)(5), inserted heading, designated existing provisions as subpar. (A), inserted heading, substituted "Except as provided in subparagraphs (B) and (C), if the Secretary asserts a financial claim against or establishes a liability amount with respect to" for "If the Secretary asserts a financial claim against" and "paragraph (1)" for "paragraph (1)(C)", and added subpars. (B) and (C).

Subsec. (c)(8)(A). Pub. L. 107-171, §4118(a)(6)(A), substituted "paragraph (1)" for "paragraph (1)(C)".

Subsec. (c)(8)(B). Pub. L. 107-171, §4119(a)(1), substituted "the first May 31 after the end of the fiscal year referred to in subparagraph (A)" for "180 days after the end of the fiscal year".

Subsec. (c)(8)(C). Pub. L. 107-171, §4119(a)(2), substituted "the first June 30 after the end of the fiscal year referred to in subparagraph (A)" for "30 days thereafter" in introductory provisions.

Subsec. (c)(8)(C)(i). Pub. L. 107-171, §4118(a)(6)(B)(i), substituted "payment claimed against State agencies or liability amount established with respect to State agencies;" for "payment claimed against State agencies; and".

Subsec. (c)(8)(C)(ii). Pub. L. 107-171, §4118(a)(6)(B)(ii), substituted "claims or liability amounts; and" for "claims."

Subsec. (c)(8)(C)(iii). Pub. L. 107-171, §4118(a)(6)(B)(iii), added cl. (iii).

Subsec. (c)(8)(D), (H). Pub. L. 107-171, §4118(a)(6)(C), inserted "or liability amount" after "claim" wherever appearing.

Subsec. (d). Pub. L. 107-171, §4120(a), added subsec. (d) and struck out former subsec. (d) which read as follows: "The Secretary shall undertake the following studies of the payment error improvement system established under subsection (c) of this section:

"(1) An assessment of the feasibility of measuring payment errors due to improper denials and terminations of benefits or otherwise developing performance standards with financial consequences for improper denials and terminations, including incorpora-

tion in subsection (c) of this section. The Secretary shall report the results of such study and the recommendations of the Secretary to the Congress by July 1, 1990.

"(2) An evaluation of the effectiveness of the system of program improvement initiated under this section that shall be reported to the Congress along with the Secretary's recommendations no later than 3 years from September 19, 1988."

Subsec. (h)(1)(A)(vii). Pub. L. 107-171, §4121(a)(1), added cl. (vii) and struck out former cl. (vii) which read as follows: "for fiscal year 2002—

"(I) \$90,000,000; and

"(II) an additional amount of \$75,000,000."

Subsec. (h)(1)(B). Pub. L. 107-171, §4121(a)(2), added subpar. (B) and struck out heading and text of former subpar. (B). Text read as follows:

"(i) ALLOCATION FORMULA.—The Secretary shall allocate the amounts reserved under subparagraph (A) among the State agencies using a reasonable formula, as determined and adjusted by the Secretary each fiscal year, to reflect—

"(I) changes in each State's caseload (as defined in section 2015(o)(6)(A) of this title);

"(II) for fiscal year 1998, the portion of food stamp recipients who reside in each State who are not eligible for an exception under section 2015(o)(3) of this title; and

"(III) for each of fiscal years 1999 through 2002, the portion of food stamp recipients who reside in each State who are not eligible for an exception under section 2015(o)(3) of this title and who—

"(aa) do not reside in an area subject to a waiver granted by the Secretary under section 2015(o)(4) of this title; or

"(bb) do reside in an area subject to a waiver granted by the Secretary under section 2015(o)(4) of this title, if the State agency provides employment and training services in the area to food stamp recipients who are not eligible for an exception under section 2015(o)(3) of this title.

"(ii) ESTIMATED FACTORS.—The Secretary shall estimate the portion of food stamp recipients who reside in each State who are not eligible for an exception under section 2015(o)(3) of this title based on the survey conducted to carry out subsection (c) of this section for fiscal year 1996 and such other factors as the Secretary considers appropriate due to the timing and limitations of the survey.

"(iii) REPORTING REQUIREMENT.—A State agency shall submit such reports to the Secretary as the Secretary determines are necessary to ensure compliance with this paragraph."

Subsec. (h)(1)(E) to (G). Pub. L. 107-171, §4121(a)(3), added subpar. (E) and struck out heading and text of former subpars. (E) to (G) which related to use of funds, maintenance of effort, and component costs, respectively.

Subsec. (h)(3). Pub. L. 107-171, §4121(d), substituted "the amount of the reimbursement for dependent care expenses shall not exceed" for "such total amount shall not exceed an amount representing \$25 per participant per month for costs of transportation and other actual costs (other than dependent care costs) and".

Subsec. (k)(3)(A). Pub. L. 107-171, §4122(a)(1), substituted "2007" for "2002".

Subsec. (k)(3)(B)(ii). Pub. L. 107-171, §4122(a)(2), substituted "2007" for "2002".

1999—Subsec. (a). Pub. L. 106-78, which directed the amendment of "the Food Stamp Act (Public Law 95-113, section 16(a))" by inserting "or in a Native village within the State of Alaska identified in section 1610(b) of title 43." before "such amounts", was executed by making the amendment to this section, which is section 16(a) of the Food Stamp Act of 1977, Pub. L. 88-525, as amended by Pub. L. 95-113, to reflect the probable intent of Congress.

1998—Subsec. (a). Pub. L. 105-185, §502(a)(1), substituted "Subject to subsection (k) of this section, the Secretary" for "The Secretary" in first sentence.

Subsec. (h)(1)(A)(iv)(II). Pub. L. 105-185, §501(1), substituted "\$31,000,000" for "\$131,000,000".

Subsec. (h)(1)(A)(v)(II). Pub. L. 105-185, §501(2), substituted "\$86,000,000" for "\$131,000,000".

Subsec. (k). Pub. L. 105-185, §502(a)(2), added subsec. (k).

1997—Subsec. (h)(1). Pub. L. 105-33 added par. (1) and struck out former par. (1) consisting of subpars. (A) to (D) requiring the Secretary to reserve for allocation to State agencies specified amounts for fiscal years 1996 to 2002 to carry out employment and training programs.

1996—Subsec. (a). Pub. L. 104-193, §§844(c), 847, inserted "but not including recruitment activities," before "(5) fair" and substituted "35 percent of the value of all funds or allotments recovered or collected pursuant to sections 2015(b) and 2022(c) of this title and 20 percent of the value of any other funds or allotments recovered or collected, except the value of funds or allotments recovered or collected that arise" for "25 percent during the period beginning October 1, 1990, and ending September 30, 1995, and 50 percent thereafter of the value of all funds or allotments recovered or collected pursuant to subsections (b)(1) and (c) of section 2022 of this title and 10 percent during the period beginning October 1, 1990, and ending September 30, 1995, and 25 percent thereafter of the value of all funds or allotments recovered or collected pursuant to section 2022(b)(2) of this title, except the value of funds or allotments recovered or collected pursuant to section 2022(b)(2) of this title which arise".

Subsec. (b). Pub. L. 104-193, §§848(a), 849, added subsec. (b) and struck out former subsec. (b) which read as follows: "The Secretary shall (1) establish standards for the efficient and effective administration of the food stamp program by the States, including standards for the periodic review of the hours that food stamp offices are open during the day, week, or month to ensure that employed individuals are adequately served by the food stamp program, and (2) instruct each State to submit, at regular intervals, reports which shall specify the specific administrative actions proposed to be taken and implemented in order to meet the efficiency and effectiveness standards established pursuant to clause (1) of this subsection."

Subsec. (c)(1)(B). Pub. L. 104-193, §848(b)(2), struck out "pursuant to subsection (b) of this section" after "by the States".

Subsec. (g)(4). Pub. L. 104-193, §109(c), substituted "State programs funded under part A of" for "State plans under the Aid to Families with Dependent Children Program under".

Subsec. (h). Pub. L. 104-193, §817(b), inserted subsec. heading.

Subsec. (h)(1). Pub. L. 104-193, §817(b), added par. (1) and struck out former par. (1) which authorized Secretary to allocate funds among State agencies for each of the fiscal years 1991 through 2002 to carry out employment and training program under section 2015(d)(4) of this title.

Pub. L. 104-127, §401(b), substituted "2002" for "1995" wherever appearing in subpars. (A), (B), (D), and (E)(ii).

Subsec. (h)(2). Pub. L. 104-193, §817(c), inserted before period at end "including the costs for case management and casework to facilitate the transition from economic dependency to self-sufficiency through work".

Subsec. (h)(5). Pub. L. 104-193, §817(d)(1), struck out "(A)" before "The Secretary shall" and struck out subpar. (B) which read as follows: "The Secretary shall, not later than January 1, 1989, report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the effectiveness of such employment and training programs."

Subsec. (h)(6). Pub. L. 104-193, §817(d)(2), struck out par. (6) which read as follows: "The Secretary shall develop, and transmit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, a proposal for modifying the rate of Federal payments

under this subsection so as to reflect the relative effectiveness of the various States in carrying out employment and training programs under section 2015(d)(4) of this title."

1995—Subsec. (i)(3). Pub. L. 104-66 struck out par. (3) which read as follows: "Not later than 12 months after December 23, 1985, and each 12 months thereafter, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that lists project areas identified under paragraph (1) and describes any procedures required to be carried out under paragraph (2)."

1994—Subsec. (e). Pub. L. 103-296 substituted "Commissioner of Social Security" for "Secretary of Health and Human Services" in two places.

1993—Subsec. (a). Pub. L. 103-66, §13961(1), added cls. (6) to (8) and in proviso struck out "authorized to pay each State agency an amount not less than 75 per centum of the costs of State food stamp program investigations and prosecutions, and is further" after "That the Secretary is".

Subsec. (c)(1)(C). Pub. L. 103-66, §13951(c)(1), substituted "national performance measure" for "payment error tolerance level" and substituted "equal to—" followed by cl. (i) for "equal to its payment error rate less such tolerance level times the total value of allotments issued in such a fiscal year by such State agency."

Subsec. (c)(3)(A). Pub. L. 103-66, §13951(c)(2), substituted "120 days" for "60 days (or 90 days at the discretion of the Secretary)".

Subsec. (c)(6). Pub. L. 103-66, §13951(c)(3), struck out "shall be used to establish a payment-error tolerance level. Such tolerance level for any fiscal year will be one percentage point added to the lowest national performance measure ever announced up to and including such fiscal year under this section. The payment-error tolerance level" after "The announced national performance measure".

Subsec. (c)(8), (9). Pub. L. 103-66, §13951(c)(4), added pars. (8) and (9).

Subsec. (g). Pub. L. 103-66, §13961(2), which directed the substitution of "the amount provided under subsection (a)(6) of this section for" for "an amount equal to 63 percent effective on October 1, 1991, of", was executed to reflect the probable intent of Congress by making the substitution for "an amount equal to—

"63 percent effective on October 1, 1991, of".

Subsec. (h)(3). Pub. L. 103-66, §13922(c), substituted "equal to the payment made under section 2015(d)(4)(i)(i)(II) of this title but not more than the applicable local market rate," for "representing \$160 per month per dependent".

Subsecs. (j), (k). Pub. L. 103-66, §13961(3), (4), redesignated subsec. (k) as (j) and struck out former subsec. (j) which read as follows: "The Secretary is authorized to pay to each State agency an amount equal to 100 per centum of the costs incurred by the State agency in implementing and operating the immigration status verification system described in section 1137(d) of the Social Security Act."

1991—Subsec. (g). Pub. L. 102-237, §941(7)(A), inserted a comma after "1991".

Subsec. (h)(4). Pub. L. 102-237, §941(7)(B), substituted "this chapter" for "the chapter".

1990—Subsec. (a). Pub. L. 101-624, §1750, substituted "25 percent during the period beginning October 1, 1990, and ending September 30, 1995, and 50 percent thereafter" for "50 per centum", and "10 percent during the period beginning October 1, 1990, and ending September 30, 1995, and 25 percent thereafter" for "25 per centum".

Subsec. (g). Pub. L. 101-624, §1752(a), substituted "The" for "Effective October 1, 1980, the" and "63 percent effective on October 1, 1991" for "75 per centum".

Subsec. (h)(1). Pub. L. 101-624, §1753, amended par. (1) generally. Prior to amendment, par. (1) read as follows: "The Secretary shall allocate among the State agencies in each fiscal year, from funds appropriated for such fiscal year under section 2027(a)(1) of this title, the amount of \$40,000,000 for the fiscal year ending Septem-

ber 30, 1986, \$50,000,000 for the fiscal year ending September 30, 1987, \$60,000,000 for the fiscal year ending September 30, 1988, and \$75,000,000 for each of the fiscal years ending September 30, 1989 and September 30, 1990, to carry out the employment and training program under section 2015(d)(4) of this title, except as provided in paragraph (3), during such fiscal year.”

1988—Subsec. (a)(4). Pub. L. 100-435, § 204(b), substituted “, including those undertaken” for “permitted”.

Subsec. (c). Pub. L. 100-435, § 604(1), added subsec. (c) and struck out former subsec. (c) which related to State incentives for reducing error.

Subsec. (d). Pub. L. 100-435, § 604(2), added subsec. (d) and struck out former subsec. (d) which defined “payment error rate” and instituted error rate reduction program.

Subsec. (h). Pub. L. 100-435, § 321(c), redesignated subsec. (h), relating to payment of costs of immigration status verification system, as (j).

Subsec. (h)(3). Pub. L. 100-435, § 404(g), inserted “for costs of transportation and other actual costs (other than dependent care costs) and an amount representing \$160 per month per dependent” after “month”.

Subsec. (h)(6). Pub. L. 100-435, § 404(e), added par. (6).

Subsec. (j). Pub. L. 100-435, § 321(c), redesignated subsec. (h), relating to payment of costs of immigration status verification system, as (j).

Subsec. (k). Pub. L. 100-435, § 321(b), added subsec. (k).

1987—Subsec. (a). Pub. L. 100-77 substituted “(4) food stamp informational activities permitted under section 2020(e)(1)(A) of this title, and (5)” for “and (4)” in first sentence.

1986—Subsec. (h). Pub. L. 99-603 added, at end of section, subsec. (h) relating to payment of costs of immigration status verification system.

1985—Subsec. (a). Pub. L. 99-198, § 1535(c)(1), substituted “subsections (b)(1) and (c) of section 2022 of this title” for “section 2022(b)(1) of this title”.

Subsec. (b)(1). Pub. L. 99-198, § 1524, inserted “, including standards for the periodic review of the hours that food stamp offices are open during the day, week, or month to ensure that employed individuals are adequately served by the food stamp program,” after “States”.

Subsec. (d)(2)(A). Pub. L. 99-198, § 1537(a)(1), inserted “less any amount payable as a result of the use by the State agency of correctly processed information received from an automatic information exchange system made available by any Federal department or agency”.

Subsec. (d)(6). Pub. L. 99-198, § 1537(a)(2), added par. (6).

Subsec. (h). Pub. L. 99-198, § 1517(c), added subsec. (h) relating to authorization of appropriations, etc.

Subsec. (i). Pub. L. 99-198, § 1539, added subsec. (i).

1982—Subsec. (a). Pub. L. 97-253, § 179, inserted “, except the value of funds or allotments recovered or collected pursuant to section 2022(b)(2) of this title which arise from an error of a State agency”.

Subsec. (c). Pub. L. 97-253, § 180(a)(1), amended subsec. (c) generally. Prior to amendment, subsec. (c) read as follows: “The Secretary is authorized to adjust a State agency’s federally funded share of administrative costs pursuant to subsection (a) of this section, other than the costs already shared in excess of 50 per centum as described in the exception clause of subsection (a) of this section, by increasing such share to (1) effective October 1, 1978, 60 per centum of all such administrative costs in the case of a State agency whose (A) semi-annual cumulative allotment error rates with respect to eligibility, overissuance, and underissuance as calculated in the quality control program undertaken pursuant to subsection (d)(1) of this section are less than five per centum and (B) whose rate of invalid decisions in denying eligibility as calculated in the quality control program conducted under subsection (d)(1) of this section is less than a nationwide percentage that the Secretary determines to be reasonable; (2) effective October 1, 1980, 65 per centum of all such administrative costs in the case of a State agency meeting the stand-

ards contained in paragraph (1) of this subsection; (3) effective October 1, 1980, 60 per centum of all such administrative costs in the case of a State agency whose cumulative allotment error rate as determined under paragraph (1)(A) of this subsection is greater than 5 per centum but less than 8 per centum or the national standard payment error rate for the base period, whichever is lower, and which also meets the standard contained in paragraph (1)(B) of this subsection; and (4) effective October 1, 1980, 55 per centum of all such administrative costs in the case of a State agency whose annual rate of error reduction is equal to or exceeds 25 per centum, and, effective October 1, 1981, which also meets the standard contained in paragraph (1)(B) of this subsection. No State agency shall receive more than one of the increased federally funded shares of administrative costs set forth in paragraphs (1) through (4) of this subsection.”

Subsec. (d). Pub. L. 97-253, § 180(a)(2), (3), added subsec. (d), and struck out former subsec. (d) which provided that effective October 1, 1981, and annually thereafter, each State not receiving an increased share of administrative costs pursuant to subsec. (c)(2) of this section was required to develop and submit to the Secretary for approval, as part of the plan of operation required to be submitted under section 2020(d) of this title, a quality control plan for the State which had to specify the actions such State proposes to take in order to reduce the incidence of error rates in and the value of food stamp allotments for households which failed to meet basic program eligibility requirements, food stamp allotments overissued to eligible households, and food stamp allotments underissued to eligible households, and (2) the incidence of invalid decisions in certifying or denying eligibility.

Subsec. (e). Pub. L. 97-253, §§ 180(a)(2), 189(b)(3), redesignated subsec. (f) as (e), substituted reference to the Secretary of Health and Human Services for former reference to the Secretary of Health, Education, and Welfare. Former subsec. (e), which defined “quality control” as the monitoring and reduction of the rate of errors in determining basic eligibility and benefit levels, was struck out.

Subsec. (f). Pub. L. 97-253, §§ 180(a)(2), 189(c), redesignated subsec. (h) as (f), substituted a period for the semicolon, and struck out “and” at the end. Former subsec. (f) redesignated (e).

Subsec. (g). Pub. L. 97-253, § 180(a)(2), redesignated former subsec. (i) as (g). Former subsec. (g), which related to State liability for error under this section, was struck out.

Subsecs. (h), (i). Pub. L. 97-253, § 180(a)(2), redesignated subsecs. (h) and (i) as (f) and (g), respectively.

1981—Subsec. (a). Pub. L. 97-35 substituted provisions relating to recovery through section 2022(b)(1) and (2) of this title for provisions relating to recovery through prosecutions or other State activities, substituted “determinations of ineligibility” for “determinations of fraud”, struck out “(1) outreach,” and redesignated cls. (2) to (5) as (1) to (4), respectively.

Subsec. (b)(1). Pub. L. 97-98, § 1325, struck out “, including, but not limited to, staffing standards such as caseload per certification worker limitations,” after “by the States”.

Subsec. (c). Pub. L. 97-98, § 1326(1), inserted “, and, effective October 1, 1981, which also meets the standard contained in paragraph (1)(B) of this subsection” after “exceeds 25 per centum”.

Subsec. (d). Pub. L. 97-98, § 1326(2), substituted in provision preceding par. (1) “October 1, 1981” for “October 1, 1978” and “subsection (c)(2) of this section” for “subsection (c) of this section”.

Subsec. (f). Pub. L. 97-98, § 1327, substituted “State agencies shall” for “State agencies may”.

1980—Subsec. (b). Pub. L. 96-249, § 121, struck out provisions requiring that if the Secretary finds that a State has failed without good cause to meet any of the Secretary’s standards, or has failed to carry out the approved State plan of operation under section 2020(d) of this title, the Secretary withhold from the State such

funds authorized under subsections (a) and (c) of this section as the Secretary determines to be appropriate.

Subsec. (c). Pub. L. 96-249, §125, designated existing provisions as par. (1), substituted “(A) semiannual cumulative” for “cumulative”, and added subpar. (B) and pars. (2) to (4).

Subsec. (g). Pub. L. 96-249, §126, added subsec. (g).

Subsec. (h). Pub. L. 96-249, §128, added subsec. (h).

Subsec. (i). Pub. L. 96-249, §129, added subsec. (i).

1979—Subsec. (a). Pub. L. 96-58, §6, authorized the Secretary to permit each State to retain 50 per centum of the value of all funds or allotments recovered or collected through prosecutions or other State activities directed against individuals who fraudulently obtain allotments as determined in accordance with this chapter but directed that officials responsible for making determinations of fraud under this chapter should not receive or benefit from revenues retained by the State under the provisions of this subsection.

Subsec. (f). Pub. L. 96-58, §4, added subsec. (f).

1977—Pub. L. 95-113 substituted revised provisions relating to administrative cost-sharing and quality control for provisions authorizing appropriations and relating to the financial operation of the program which are now covered by section 2027 of this title.

1973—Subsec. (a). Pub. L. 93-86 extended authorization of appropriations from June 30, 1973, to June 30, 1977, and inserted provision relating to availability of appropriated sums.

1971—Subsec. (a). Pub. L. 91-671 is substituted appropriation authorization of “\$1,750,000,000 for the fiscal year ending June 30, 1971; and for the fiscal years ending June 30, 1972 and June 30, 1973 such sums as the Congress may appropriate” for “\$170,000,000 for the six months ending December 31, 1970”.

1969—Subsec. (a). Pub. L. 91-116 increased appropriation authorization limitation for fiscal year ending June 30, 1970, from \$340,000,000 to \$610,000,000.

1968—Subsec. (a). Pub. L. 90-552 increased appropriations authorization limitation for fiscal year ending June 30, 1969, from \$225,000,000 to \$315,000,000, authorized appropriations of \$340,000,000 and \$170,000,000 for fiscal year ending June 30, 1970, and for six months ending Dec. 31, 1970, substituted “fiscal period” for “fiscal year”, and provided for submission of reports to Congress on or before January 20 of each year setting forth operations under this chapter during preceding calendar year and projecting needs for ensuing calendar year.

1967—Subsec. (a). Pub. L. 90-91 provided for appropriations for the fiscal years ending June 30, 1968 and 1969, and inserted provision dealing with the carrying out of this chapter only with funds appropriated from the general fund of the Treasury for the purposes of this chapter.

EFFECTIVE DATE OF 2002 AMENDMENT

Amendment by section 4118(a) of Pub. L. 107-171 not applicable with respect to any sanction, appeal, new investment agreement, or other action by the Secretary of Agriculture or a State agency that is based on a payment error rate calculated for any fiscal year before fiscal year 2003, see section 4118(e) of Pub. L. 107-171, set out as a note under section 2022 of this title.

Pub. L. 107-171, title IV, §4119(b), May 13, 2002, 116 Stat. 321, provided that: “The amendments made by this section [amending this section] take effect on the date of enactment of this Act [May 13, 2002].”

Pub. L. 107-171, title IV, §4120(b), May 13, 2002, 116 Stat. 323, provided that: “The amendment made by this section [amending this section] takes effect on the date of enactment of this Act [May 13, 2002].”

Amendment by section 4121(a), (d) of Pub. L. 107-171 effective May 13, 2002, see section 4121(e) of Pub. L. 107-171, set out as a note under section 2015 of this title.

Amendment by section 4122(a) of Pub. L. 107-171 effective Oct. 1, 2002, except as otherwise provided, see section 4405 of Pub. L. 107-171, set out as an Effective Date note under section 1161 of Title 2, The Congress.

EFFECTIVE DATE OF 1999 AMENDMENT

Pub. L. 106-78, title VII, §758, Oct. 22, 1999, 113 Stat. 1172, provided that the amendment made by section 758 is effective beginning in fiscal year 2001 and thereafter.

EFFECTIVE DATE OF 1998 AMENDMENT

Pub. L. 105-185, title V, §510(a), June 23, 1998, 112 Stat. 580, provided that: “The amendments made by sections 501 and 502 [amending this section] take effect on the date of enactment of this Act [June 23, 1998].”

EFFECTIVE DATE OF 1997 AMENDMENT

Amendment by Pub. L. 105-33 effective Oct. 1, 1997, without regard to whether regulations have been promulgated to implement such amendment, see section 1005(b) of Pub. L. 105-33, set out as a note under section 2015 of this title.

EFFECTIVE DATE OF 1996 AMENDMENT

Amendment by section 109(c) of Pub. L. 104-193 effective July 1, 1997, with transition rules relating to State options to accelerate such date, rules relating to claims, actions, and proceedings commenced before such date, rules relating to closing out of accounts for terminated or substantially modified programs and continuance in office of Assistant Secretary for Family Support, and provisions relating to termination of entitlement under AFDC program, see section 116 of Pub. L. 104-193, as amended, set out as an Effective Date note under section 601 of Title 42, The Public Health and Welfare.

EFFECTIVE DATE OF 1994 AMENDMENT

Amendment by Pub. L. 103-296 effective Mar. 31, 1995, see section 110(a) of Pub. L. 103-296, set out as a note under section 401 of Title 42, The Public Health and Welfare.

EFFECTIVE DATE OF 1993 AMENDMENT

Section 13971 of Pub. L. 103-66 provided that:

“(a) GENERAL EFFECTIVE DATE AND IMPLEMENTATION.—Except as provided in subsection (b), this chapter [chapter 3 (§§13901-13971) of title XIII of Pub. L. 103-66, amending this section and sections 2012, 2014, 2015, 2017, 2020 to 2023, 2026, and 2028 of this title, and enacting provisions set out as a note under section 2011 of this title] and the amendments made by this chapter shall take effect, and shall be implemented beginning on, October 1, 1993.

“(b) SPECIAL EFFECTIVE DATES AND IMPLEMENTATION.—(1)(A) Except as provided in subparagraph (B), section 13951 [amending this section and sections 2022 and 2023 of this title] shall take effect on October 1, 1991.

“(B) The amendment made by section 13951(c)(2) [amending this section] shall take effect on October 1, 1992.

“(2)(A) Except as provided in subparagraph (B), the amendments made by section 13961 [amending this section] shall be effective with respect to calendar quarters beginning on or after April 1, 1994.

“(B) In the case of a State whose legislature meets biennially, and does not have a regular session scheduled in calendar year 1994, and that demonstrates to the satisfaction of the Secretary of Agriculture that there is no mechanism, under the constitution and laws of the State, for appropriating the additional funds required by the amendments made by this section before the next such regular legislative session, the Secretary may delay the effective date of all or part of the amendments made by section 13961 [amending this section] until the beginning date of a calendar quarter that is not later than the first calendar quarter beginning after the close of the first regular session of the State legislature after the date of enactment of this Act [Aug. 10, 1993].

“(3) Sections 13912(a) and 13912(b)(1) [amending section 2014 of this title] shall take effect, and shall be implemented beginning on, July 1, 1994.

“(4) Sections 13911, 13913, 13914, 13915, 13916, 13922, 13924, 13931, 13932, and 13942 [amending this section and sections 2012, 2014, 2015, and 2017 of this title] shall take effect, and shall be implemented beginning on, September 1, 1994.

“(5)(A) Except as provided in subparagraph (B), section 13921 [amending section 2014 of this title] shall take effect, and shall be implemented beginning on, September 1, 1994.

“(B) State agencies shall implement the amendment made by section 13921 not later than October 1, 1995.

“(6) Section 13912(b)(2) [amending section 2014 of this title] shall take effect, and shall be implemented beginning on, January 1, 1997.”

EFFECTIVE DATE OF 1991 AMENDMENT

Amendment by Pub. L. 102-237 effective and to be implemented no later than Feb. 1, 1992, see section 1101(d)(1) of Pub. L. 102-237, set out as a note under section 1421 of this title.

EFFECTIVE DATE OF 1990 AMENDMENT

Amendment by section 1750 of Pub. L. 101-624 effective Oct. 1, 1990, amendment by section 1752(a) of Pub. L. 101-624 effective and implemented first day of month beginning 120 days after publication of implementing regulations to be promulgated not later than Oct. 1, 1991, and amendment by section 1753 of Pub. L. 101-624 effective Nov. 28, 1990, see section 1781(a), (b)(1), (2) of Pub. L. 101-624, set out as a note under section 2012 of this title.

Section 1752(b) of Pub. L. 101-624 provided that: “The amendment made by subsection (a)(2) [amending this section] shall not apply to proposals for automatic data processing and information retrieval systems under section 16(g) of the Food Stamp Act of 1977 [subsec. (g) of this section] that were approved by the Secretary of Agriculture prior to the date of enactment of this Act [Nov. 28, 1990].”

EFFECTIVE DATE OF 1988 AMENDMENT

Amendment by sections 204(b), 321(b), and 404(e) of Pub. L. 100-435 to be effective and implemented on July 1, 1989, amendment by section 321(c) of Pub. L. 100-435 to be effective and implemented on Sept. 19, 1988, amendment by section 404(g) of Pub. L. 100-435 to be effective and implemented on Oct. 1, 1988, and amendment by section 604 of Pub. L. 100-435 effective Oct. 1, 1985, with respect to claims under subsec. (c) of this section for quality control review periods after such date, except as otherwise provided, except that amendment by sections 204(b), 321(b), (c), 404(e), (g) of Pub. L. 100-435 to become effective and implemented on Oct. 1, 1989, if final order is issued under section 902(b) of Title 2, The Congress, for fiscal year 1989 making reductions and sequestrations specified in the report required under section 901(a)(3)(A) of Title 2, see section 701(a), (b)(1), (4), (5), (c)(2) of Pub. L. 100-435, set out as a note under section 2012 of this title.

EFFECTIVE DATE OF 1986 AMENDMENT

Amendment by Pub. L. 99-603 effective Oct. 1, 1987, see section 121(c)(2) of Pub. L. 99-603, set out as a note under section 502 of Title 42, The Public Health and Welfare.

EFFECTIVE DATE OF 1985 AMENDMENT

Section 1537(a) of Pub. L. 99-198 provided that the amendment made by that section is effective with respect to the fiscal year beginning Oct. 1, 1985, and each fiscal year thereafter.

EFFECTIVE DATE OF 1982 AMENDMENT

Amendment by section 179 of Pub. L. 97-253 effective Sept. 8, 1982, see section 193(a) of Pub. L. 97-253, set out as a note under section 2012 of this title.

Enactment by section 180(a) of Pub. L. 97-253 effective Oct. 1, 1982, see section 193(b) of Pub. L. 97-253, set out as a note under section 2012 of this title.

EFFECTIVE DATE OF 1981 AMENDMENTS

Amendment by Pub. L. 97-35 effective on earlier of Sept. 8, 1982, or date such amendment became effective pursuant to section 117 of Pub. L. 97-35, set out as a note under section 2012 of this title, see section 192(a) of Pub. L. 97-253, set out as a note under section 2012 of this title.

Amendment by Pub. L. 97-98 effective on earlier of Sept. 8, 1982, or date such amendment became effective pursuant to section 1338 of Pub. L. 97-98, set out as a note under section 2012 of this title, see section 192(b) of Pub. L. 97-253, set out as a note under section 2012 of this title.

Amendment by Pub. L. 97-98 effective upon such date as Secretary of Agriculture may prescribe, taking into account need for orderly implementation, see section 1338 of Pub. L. 97-98, set out as a note under section 2012 of this title.

Amendment by Pub. L. 97-35 effective and implemented upon such dates as Secretary of Agriculture may prescribe, taking into account need for orderly implementation, see section 117 of Pub. L. 97-35, set out as a note under section 2012 of this title.

EFFECTIVE DATE OF 1979 AMENDMENT

Secretary of Agriculture to issue final regulations implementing the amendment of this section by Pub. L. 96-58 within 150 days after Aug. 14, 1979, see section 10(b) of Pub. L. 96-58, set out as a note under section 2012 of this title.

EFFECTIVE DATE OF 1977 AMENDMENT

Section 1301 of Pub. L. 95-113 provided that the amendment made by that section is effective Oct. 1, 1977.

REGULATIONS

Secretary of Agriculture to promulgate regulations necessary to implement amendment of this section by Pub. L. 105-33, not later than one year after Aug. 5, 1997, see section 1005(a) of Pub. L. 105-33, set out as a note under section 2015 of this title.

CARRYOVER FUNDS

Pub. L. 107-171, title IV, §4121(b), May 13, 2002, 116 Stat. 323, provided that: “Notwithstanding any other provision of law, funds provided under section 16(h)(1)(A) of the Food Stamp Act of 1977 (7 U.S.C. 2025(h)(1)(A)) for any fiscal year before fiscal year 2002 shall be rescinded on the date of enactment of this Act [May 13, 2002], unless obligated by a State agency before that date.”

REVIEW OF METHODOLOGY USED TO MAKE CERTAIN DETERMINATIONS

Pub. L. 105-185, title V, §502(b), June 23, 1998, 112 Stat. 578, provided that: “Not later than 1 year after the date of enactment [June 23, 1998], the Comptroller General of the United States shall—

“(1) review the adequacy of the methodology used in making the determinations required under section 16(k)(2)(B) of the Food Stamp Act of 1977 [7 U.S.C. 2025(k)(2)(B)] (as added by subsection (a)(2)); and

“(2) submit a written report on the results of the review to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.”

REPORT TO CONGRESS

Section 1002(b) of Pub. L. 105-33 provided that: “Not later than 30 months after the date of enactment of this Act [Aug. 5, 1997], the Secretary of Agriculture shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report regarding whether the amounts made available under section 16(h)(1)(A) of the Food Stamp Act of 1977 [7 U.S.C. 2025(h)(1)(A)] (as a result of the amendment

made by subsection (a)) have been used by State agencies to increase the number of work slots for recipients subject to section 6(o) of the Food Stamp Act of 1977 (7 U.S.C. 2015(o)) in employment and training programs and workfare in the most efficient and effective manner practicable.”

QUALITY CONTROL SANCTIONS

Section 1751 of Pub. L. 101-624 provided that:

“(a) IN GENERAL.—No disallowance or other similar action shall be applied to or collected from any State for any of the fiscal years 1983, 1984, or 1985 under section 16(c) of the Food Stamp Act of 1977 (7 U.S.C. 2025(c)) or any predecessor statutory or regulatory provision relating to disallowances or other similar actions for erroneous issuances made in carrying out a State plan under such Act [7 U.S.C. 2011 et seq.], except for amounts to be paid or collected after the date of enactment of this Act [Nov. 28, 1990] pursuant to settlement agreements which do not provide for payment adjustments based on future changes in law.

“(b) APPLICATION.—Subsection (a) shall also apply to disallowances described in subsection (a) with respect to which an administrative or judicial appeal is pending on the date of enactment of this Act [Nov. 28, 1990], including any such disallowance that has been collected before such date.”

QUALITY CONTROL STUDIES AND PENALTY MORATORIUM

Section 1538 of Pub. L. 99-198, as amended by Pub. L. 99-260, §12, Mar. 20, 1986, 100 Stat. 52, provided that:

“(a)(1)(A) The Secretary of Agriculture (hereinafter referred to in this section as the ‘Secretary’) shall conduct a study of the quality control system used for the food stamp program established under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.).

“(B) The study shall—

“(i) examine how best to operate such system in order to obtain information that will allow the State agencies to improve the quality of administration; and

“(ii) provide reasonable data on the basis of which Federal funding may be withheld for State agencies with excessive levels of erroneous payments.

“(2)(A) The Secretary shall also contract with the National Academy of Sciences to conduct a concurrent independent study for the purpose described in paragraph (1).

“(B) For purposes of such study, the Secretary shall provide to the National Academy of Sciences any relevant data available to the Secretary at the onset of the study and on an ongoing basis.

“(3) Not later than 1 year after the date the Secretary and the National Academy of Sciences enter into the contract required under paragraph (2), the Secretary and the National Academy of Sciences shall report the results of their respective studies to the Congress.

“(b)(1) During the 6-month period beginning on the date of enactment of this Act [Dec. 23, 1985] (hereinafter in this section referred to as the ‘moratorium period’), the Secretary shall not impose any reductions in payments to State agencies pursuant to section 16 of the Food Stamp Act of 1977 (7 U.S.C. 2025).

“(2) During the moratorium period, the Secretary and the State agencies shall continue to—

“(A) operate the quality control systems in effect under the Food Stamp Act of 1977 [7 U.S.C. 2011 et seq.]; and

“(B) calculate error rates under section 16 of such Act [7 U.S.C. 2025].

“(c)(1) Not later than 6 months after the date on which the results of both studies required under subsection (a)(3) have been reported, the Secretary shall publish regulations that shall—

“(A) restructure the quality control system used under the Food Stamp Act of 1977 [7 U.S.C. 2011 et seq.] to the extent the Secretary determines to be appropriate, taking into account the studies conducted under subsection (a); and

“(B) establish, taking into account the studies conducted under subsection (a), criteria for adjusting the reductions that shall be made for quarters prior to the implementation of the restructured quality control system so as to eliminate reductions for those quarters that would not be required if the restructured quality control system had been in effect during those quarters.

“(2) Beginning 6 months after the date on which the results of both studies required under subsection (a)(3) have been reported, the Secretary shall—

“(A) implement the restructured quality control system; and

“(B) reduce payments to State agencies—

“(i) for quarters after implementation of such system in accordance with the restructured quality control system; and

“(ii) for quarters before implementation of such system, as provided under the regulations described in paragraph (1)(B).”

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 2014, 2015, 2016, 2020, 2022, 2023, 2026, 2027, 2030, 2031, 2032, 2035 of this title; title 42 section 629c.

§ 2026. Research, demonstration, and evaluations

(a) Contracts or grants; issuance of aggregate allotments

(1) The Secretary may enter into contracts with or make grants to public or private organizations or agencies under this section to undertake research that will help improve the administration and effectiveness of the food stamp program in delivering nutrition-related benefits. The waiver authority of the Secretary under subsection (b) of this section shall extend to all contracts and grants under this section.

(2) The Secretary may, on application, permit not more than two State agencies to establish procedures that allow households whose monthly food stamp benefits do not exceed \$20, at their option, to receive, in lieu of their food stamp benefits for the initial period under section 2017 of this title and their regular allotment in following months, and at intervals of up to 3 months thereafter, aggregate allotments not to exceed \$60 and covering not more than 3 months’ benefits. The allotments shall be provided in accordance with paragraphs (3) and (9) of section 2020(e) of this title (except that no household shall begin to receive combined allotments under this section until it has complied with all applicable verification requirements of section 2020(e)(3) of this title) and (with respect to the first aggregate allotment so issued) within 40 days of the last coupon issuance.

(b) Pilot projects

(1)(A) The Secretary may conduct on a trial basis, in one or more areas of the United States, pilot or experimental projects designed to test program changes that might increase the efficiency of the food stamp program and improve the delivery of food stamp benefits to eligible households, and may waive any requirement of this chapter to the extent necessary for the project to be conducted.

(B) PROJECT REQUIREMENTS.—

(i) PROGRAM GOAL.—The Secretary may not conduct a project under subparagraph (A) unless—

(I) the project is consistent with the goal of the food stamp program of providing food